

**Statement of  
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Before the  
Subcommittee on Oversight and Investigations  
Committee on Veterans' Affairs  
U. S. House of Representatives  
Hearing on  
VA's Procedures for Background Checks and Credentialing  
March 31, 2004**

Mr. Chairman and members of the Subcommittee:

I am pleased to be here today to discuss Department of Veterans Affairs' (VA) procedures for background checks and credentialing of its health care providers. With me today are Thomas J. Hogan, Deputy Assistant Secretary for Human Resources Management; Kathryn Enchelmayer, VHA's Director of Credentialing and Privileging; Barbara Panther, Director, Recruitment and Placement Policy Service, Office of Human Resources Management (OHRM); and Robert Swanson from VHA's Office of Management Support.

We take seriously our responsibility to ensure that those charged with caring for the Nation's veterans are properly qualified and trained to provide that care. However, we are aware that opportunities exist to enhance and improve our credentialing and hiring processes. Therefore we appreciate the report prepared by the Government Accounting Office (GAO) on improved screening of practitioners. Although we have seen only a draft of that report, our testimony responds to many of their preliminary recommendations and findings.

### **Credentialing**

The term "credentialing" refers to the systematic process of screening and evaluating qualifications and other credentials, including licensure, required education, relevant training and experience, current competence, and health status. Credentialing must be completed prior to the practitioner's initial medical

staff appointment and must be brought up to date before reappointment to the medical staff, which occurs at a minimum of every two years.

Since 1990, VA has performed primary source verification of the education, training, licensure and certifications of physicians and dentists. In 1997, full primary source verified credentialing was expanded to all licensed independent practitioners (LIPs), which includes podiatrists, optometrists, and other independent practitioners who are permitted by law and the employing facility to provide direct patient care independently. These are practitioners who are recognized by the facility to practice without supervision or direction, within the scope of the individual's license and may also include psychologists, social workers, and pharmacists.

In March 2001, VA launched VetPro, its web-based credentialing data bank. VetPro ensures the consistency of the credentialing process for independent practitioners in support of high quality medical care across VA. Through VetPro, VA is able to maintain a valid, reliable, electronic databank of health care provider credentials that is accurate and easily accessible. As of March 20, 2004, over 39,000 providers are currently appointed through VetPro.

We are pleased that, in its report, the GAO has concluded that our pre-appointment and regular reappointment reviews of the credentials of LIPs are complete and thorough. Moreover, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) reviewed VetPro and stated that the program represents a state-of-the-art system for consistent, high-quality, safe, and effective credentialing, which meets JCAHO's accreditation requirements. We believe that the success of this program is due in large part to assigning all responsibilities to a dedicated staff of credentialers and providing them clear templates and tools to perform their duties in a systematic and thorough manner.

With the introduction of JCAHO's 2004 accreditation standards, VA has directed that all physician assistants and advanced practice registered nurses also be credentialed through VetPro. Implementation of this requirement will be completed in April 2004. VA is working with DoD to evaluate the merits of integration in the credentialing processes at facilities operated by both

departments. We will be testing this approach at the pilot sites established pursuant to the 2002 NDAA. The pilot sites are in Las Vegas, North Chicago and Hines, and Louisville.

## **NPDB**

The National Practitioner Data Bank (NPDB) became operational in 1990. It is intended to direct discreet inquiry into specific areas of practitioner's licensure, professional society memberships, medical malpractice payment history, and record of clinical privileges. The NPDB is intended to augment, not replace, traditional forms of credentials review. It is a nationwide flagging system, supplementing other information obtained during the credentialing process.

VA, like all Federal agencies, agreed to participate through a Memorandum of Understanding with the Department of Health and Human Services (HHS). The final rule and supporting policy for participation in the NPDB were published on October 28, 1991. Since then, VA has required that all practitioners who are privileged and practicing independently be queried against the NPDB before privileges are granted, changed, or renewed, which occurs at a minimum of every two years.

## **HIPDB**

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) established the Health Integrity and Protection Data Bank (HIPDB) as a tool to help counter fraud and abuse in health insurance and health care delivery. The HIPDB, like the NPDB, is a flagging system to alert users that a more comprehensive review of a practitioner's, provider's, or supplier's past actions may be prudent. The HIPDB opened for querying in March 2000. Federal Government agencies are authorized to query the HIPDB at no charge, but there is no requirement for the Agencies to do so.

VA currently performs a joint query to the NPDB and HIPDB for all licensed independent practitioners. However, we believe we must go further in

our efforts to enhance and improve our credentialing process. Therefore, VA plans to develop and issue a policy requirement to query the HIPDB on all new hires by May 2004. Selecting officials and human resources offices will assess any problematic results obtained from this query to determine whether there is a need for a more comprehensive review. The review will evaluate the issue and its relationship to the position being filled to determine whether the applicant should be appointed to the position.

Furthermore, VA intends to begin querying the HIPDB on current employees prior to their re-appointment. This will necessitate notification to employee bargaining units of our intent. Following appropriate notification, VA will begin to query the HIPDB at regular intervals and will evaluate the results obtained in relation to the position occupied and determine whether further action within VA's existing employee relations systems, including collective bargaining agreements, is necessary and appropriate. The implementation of requirements to query the HIPDB on current employees is expected to be in place by August 2004.

### **Post-Graduate Medical Education**

In VA's role of training the future health care workers of this country, VA ensures that the qualifications and credentials of residents are documented as part of the appointment process. Annually, VA trains over 29,000 residents from 107 U.S. medical schools. Before a VA medical center (VAMC) Director approves the appointment of any resident, evidence of appropriate credentials is required. A Resident Credentials Verification Letter certifying that all documents for appointment to VA, as well as compliance with the appropriate training program accrediting body, must be in order, and those credentials requiring primary source verifications are documented. The Resident Credentials Verification Letter is signed by the responsible training official and then submitted for approval by the VAMC Director.

## **Verifying Education**

VA's process for reviewing applications for qualifications and suitability includes ensuring that education used to qualify for appointment, advancement, or other employment purposes has been received from accredited educational institutions. This verification includes, at a minimum, a comparison of the educational institution(s) cited on the application against existing lists of accredited institutions and against lists of institutions or "diploma mills" that sell fictitious college degrees and other professional credentials. VA is enhancing the implementation of this program with training and tools that will be developed after OHRM staff attend OPM-sponsored training on this topic in April 2004.

## **Background Checks**

VA takes seriously the completion and appropriate adjudication of background investigations on its employees. VA has, in fact, appointed a full-time individual to administer the employee suitability and adjudication program. Servicing human resources offices have responsibility for ensuring that employment background checks are conducted when required, and that background investigations are appropriately adjudicated, documented, and reported to the Office of Personnel Management on a timely basis. VA expects full compliance with these policies and procedures.

The GAO has found that none of the four facilities reviewed complied with all of the key VA screening requirements and recommended that we conduct oversight to help ensure that VA facilities comply with these requirements for applicants and current employees. In light of these findings and recommendations, we are establishing monitors and other mechanisms to ensure full compliance with these policies and procedures. By the end of May 2004, long-range goals will be in place for continuing and improving compliance with federal regulations and VA policies on suitability issues and providing comprehensive guidance and education to VA employees and managers.

### Overdue Investigations

Beginning earlier this month, VA medical facilities received access to information on unadjudicated investigations. We are providing the facilities electronic lists of completed investigations upon which they must take immediate action. We are instructing our facilities to report to the Under Secretary for Health on the status of all overdue investigations by April 9, 2004. We have also issued them instructions to ensure that all involved HR staff understand their responsibilities, and that actions related to background checks and investigations are processed on a timely basis and appropriately documented. Additionally, we are requiring weekly reports until all actions have been completed and all investigations have been submitted, and Network coordinators will continue to monitor submission of the required reports.

### Fingerprint Checks

GAO also recommended that VA require fingerprint checks for all health care practitioners who were previously exempted from background investigations and who have direct patient care access. I am pleased to report, Mr. Chairman, that on March 11, 2004, VHA's National Leadership Board had approved a requirement that electronic fingerprint checks be extended to VHA paid and without-compensation employees, trainees, volunteers, and contractors. VA will begin fingerprinting trainees during the 2004-05 academic year and we expect full implementation of the recommendation during the first quarter of calendar year 2005.

### Oversight and Effectiveness Service

VA is also establishing an Oversight and Effectiveness Service (OES) in the OHRM that will monitor the implementation of human resources policies and procedures. This oversight program will provide facilities the tools to conduct self-assessments of key human resources programs, which are then reviewed by OHRM. In addition, they will conduct reviews of specific cases when individual circumstances so warrant. We expect that the policy authorizing the OES to

engage in activities and conduct reviews will be implemented by the end of April 2004.

### **List of Excluded Individuals and Entities**

Public Law 105-33 authorizes the HHS Inspector General to exclude certain individuals and entities from all Federal healthcare programs by placing them on the List of Excluded Individuals and Entities (LEIE). VA employment policy requires that all selectees for positions funded by VA's healthcare program be screened against the LEIE. VA also matches current VHA employees in VA's employment database with individuals on the LEIE on a monthly basis. When current employees are identified as being on the LEIE, field facilities are instructed to initiate action to separate these employees. VHA is attempting to develop a comparable automated process to review contractors and vendors on an ongoing basis. Since November 2002, we have identified 24 individuals as "potential matches" with individuals on the LEIE. Of these, 15 have been terminated; two were not confirmed as VA employees; two resigned; three have been reinstated; and two are in the process of being terminated by the employing facility.

### **Gaps in the Credentialing Review Process**

The GAO report mentioned earlier identified areas of concern in the pre-employment and post-employment credentialing reviews of other health care providers, such as nurses, dieticians and respiratory therapists. They recommended expanding the verification requirement for contacting state licensing boards and national certifying organizations to include verification checks on all applicants and employed practitioners with state licenses and national certificates. VHA agrees that it is important to verify all existing licenses and certificates with the issuing organization for both applicants and employee renewals. We will implement these procedures in the near future. We believe that the credentialing process used for VHA's independent providers serves as a good model for an improved process for other professional groups.

To develop this new program, VHA has formed a task force that will ensure the process for credentialing and background investigations of these individuals is logical, consistent, complete, and adequate to verify credentials and screen out individuals from positions where their backgrounds indicate they are not suitable. The process would be consistent with the security and privacy protections prescribed by applicable law. The task force will work within the Department to evaluate current credentialing procedures, verification of all licenses, certifications and registrations of all applicants and employees with the primary source, address compliance with policy requirements, and assess the potential for use of technology and other tools to improve effectiveness and integrate these changes into departmental policies and procedures as appropriate. The task force will provide completed findings and recommendations by October 1, 2004.

In 2003, VA initiated the System-wide Ongoing Assessment and Review Strategy (SOARS), a facility site visit process the goal of which is to improve external review results and promote continuous readiness. All VAMCs will undergo a SOARS review every three years. We are now developing criteria for the SOARS teams to use in reviewing the pre-employment and post-employment credentialing and background investigations processes. SOARS teams will incorporate these criteria into the site visit assessment tool effective with the site visits in April 2004. This new management process will give VA the means to do periodic reviews of the credentialing process and background checks. These reviews will be shared with the Office of Oversight and Effectiveness and will augment and complement their activities and responsibilities.

As a final point, VHA is in the final stages of preparing checklists that bring together in a single document all the required steps to screen, check credentials, verify personal information, and complete the detailed and complicated processes required to employ Federal employees, grant access to confidential patient information, and ensure appropriate pre-employment screening. We will provide these checklists to employing facilities for use by May 2004.



Mr. Chairman, while VHA already exceeds many public and private sector health care systems in our credentialing procedures and background checks for independent providers, we agree that further improvement is required in our credentialing system. We intend to create systematic credentialing and oversight processes to ensure overall exemplary performance in the future. We are committed to do this because we believe that veterans deserve the highest quality healthcare available and quality healthcare is critically dependent on the quality of VA's staff. This completes my statement. My colleagues and I will be happy to answer any questions that you or other members of the Subcommittee might have.